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NOV 12 1982

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(a) and as an organization described in section 501(c)(3) of the Internal Revenue Code.

The information submitted shows that you were established as a corporation under the laws of the State of [REDACTED] of the purposes of collecting information about High School Athletes; taking that information and publishing it into a magazine. Each student pays the organization \$[REDACTED] to have his name and athletic history included in the publication. This publication, in turn, is then sent to colleges across the nation at no charge. The publication aids the colleges in their recruiting process, and helps athletes obtain scholarships to the school of their choice.

Section 501(c)(3) grants exemption from Federal income tax to organizations which are organized and operated exclusively for religious, charitable, scientific, testing for public safety literary or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, or part of the net earnings of which inure to the benefit of any private shareholder or individual, no substantial part of the activity of which is carrying on propaganda, or otherwise attempt to influence legislation (except as otherwise provided in section (h)), and which does not participate in, or intervene in any political campaign on behalf of any candidate for public office.

Regs. section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(a)(3), an organization must be both organized and operated exclusively for one or more purposes specified in such section.

Regs. section 1.501(c)(3)-1(d)(3)(i) provides that the term "education" includes the instruction of the public on subjects useful to the individual

and beneficial to the community.

Rev. Ruling 67-4 has held that the publication of printed material may be educational if:

- a) the content of the publication is educational,
- b) the preparation of material follows methods generally accepted as "educational" in character,
- c) the distribution of materials is necessary or valuable in achieving the organization's educational and scientific purposes, and
- d) the manner in which the distribution is accomplished is distinguishable from ordinary commercial publishing practices.

Rev. Ruling 56-13 holds that an organization which raises funds to be used in travel and other activities to interview and persuade prospective students with outstanding athletic ability to attend a particular university, and which is not an integral part of such institution, is not exempt as an educational organization.


Since your organization's activities include the publication of a periodical which is not educational and which primarily aids colleges in the recruitment process, your application for recognition as an organization described in section 501(c)(3), must be denied.

If you do not agree with this determination, you may within 30 days of the date of this letter, file a protest only in accordance with the enclosed instructions. Protest submitted which do not contain all the documentation stated in the instructions will be returned for completion.


If we do not hear from you within that time, this case will be closed and the appropriate State official will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7423(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

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You are reminded of the liability to file Federal income tax returns,
Form 1120.

Sincerely yours,


District Director

Enclosure:
Publication 892